

NEW APPLICATION ORIGINAL

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DOCKET CONTROL
December 10, 2008



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Arizona Corporation Commission
Water Utilities Division
1200 W. Washington Street
Phoenix, Arizona 85007-2927

Arizona Corporation Commission
DOCKETED

DEC 10 2008

Re: Emergency Rate Case Request

DOCKETED BY

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W-02065A-08-0592

Please accept this letter as a request for emergency rate relief for Wilhoit Water Company's Yavapai Mobile Home Estates (YMHE) water system located in Chino Valley, Arizona.

YMHE's last rate was filed June 13, 2008 Docket #02065A-07-0311, Decision #70384.

YMHE currently does not pump any water from its own wells due to excessive levels of arsenic in the water. YMHE purchases all of the potable water for its customers from the City of Prescott to maintain service.

YMHE installed an arsenic remediation system for its wells at the beginning of 2008. That system was approved by the Arizona Department of Environmental Quality but failed to reduce the arsenic level to acceptable levels after a couple of weeks of operation. Since that time, YMHE has been exploring various alternatives and methodologies to bring its water into compliance with the existing arsenic standard. Unfortunately, due to the high arsenic levels (between 200-300 ppb) and the high silica levels, the standard method of removing arsenic using an absorptive media to filter the water is not practical. The only firm that would provide a quotation to solve the arsenic problem in this manner indicated that in addition to capital costs of \$30,000 to \$40,000 it would cost between \$100,000 and \$150,000 per year solely to replace the media every thirty days. The only other legitimate proposal received from a qualified engineering firm requires a capital investment of approximately \$270,000 and operational/materials costs of an additional \$20,000 to \$30,000 per year. Clearly for a water system of only 95 connections, these costs are exorbitant.

In addition, the Town of Chino Valley has plans to purchase YMHE and incorporate the system into the town's infrastructure. Though Chino Valley's ability to purchase YMHE is probably 3-5 years in the future, the need for an expensive arsenic remediation system would disappear once YHME is interconnected to Chino Valley.

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YMHE is currently paying the City of Prescott an average of \$5,515 per month to purchase water. These costs are not being recaptured in the company's rate.

We respectfully request an emergency rate (please see attached proposed rate and rate design worksheet) be approved that would cover the additional costs to purchase potable water for the customers of YMHE.

Cordially,

A handwritten signature in black ink, appearing to read 'Jim West', with a stylized flourish extending to the right.

Jim West
for Wilhoit Water Company
(Pursuant to Power of Attorney)

Enclosures

Proposed Emergency Rates - Yavapai Mobile Home Estates

Base Charge	Residential 3/4 Meter	\$20
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Commodity Charge	0-3,000 gallons	\$6
(Per 1,000 gallons)	3,000-10,000	\$9
	More than 10,000 gallons	\$11

Base Charge	Commercial 2-inch Meter	\$160
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Commodity Charge	0-50,000 gallons	\$9
(Per 1,000 gallons)	More than 50,000 gallons	\$11

Base Charge	Multi-Family 4-inch Meter	\$500
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Commodity Charge	0-200,000 gallons	\$9
(Per 1,000 gallons)	More than 200,000 gallons	\$11

Yavapai Mobile Home Estates

Revenues:	Percent of Total Revenue		Base				Commodity		Flat Rate	Gallons	Ratio to Total Revenue		Percent of Gallons Used
											Base	Commodity	
Residential	70.9%	\$ 82,864	\$ 25,920	\$ 56,944	\$ 8.05	7,071					31.3%	68.7%	71.2%
Commercial	4.9%	5,723	1,920	3,803	9.08	419					33.6%	66.4%	4.2%
Multi-Family	24.2%	28,329	6,000	22,329	9.17	2,435					21.2%	78.8%	24.5%
Construction	-	-	-	-	-	-							
Fire Hydrant	-	-	-	-	-	-							
Fire Sprinkler	-	-	-	-	-	-							
Bypass	-	-	-	-	-	-							
Total		\$ 116,916	\$ 33,840	\$ 83,076	\$ 8.3704	9,925					28.9%	71.1%	Staff recommended
Revenue Require. (Oper Inc + Op Xps)		116,502									27.7%	72.3%	Current rates
Over(Short)		\$ 414											
Revenue Increase(Decrease) %													

Basic Charge:	Tier Ratios	Full Tier Rates	Res. 3/4-inch	Commercial 2-inch	Multi-Family 4-inch
Tier One Rate:	150.0%	9.00	20.00	160.00	600.00
Incremental Tier Two Rate:	183.3%	11.00	3.00	2.00	2.00
Incremental Tier Three Rate:			2.00		
Surcharge Per M-Gallon					

Gallons in Minimum: (000's)

Tier One Upper Limit:

Tier Two Upper Limit:

Surcharge Initiation Level:

CONSUMPTION RANGE BEGINNING (000's)	CONSUMPTION RANGE END (000's)	CONSUMPTION RANGE CALCULATION BASIS (000's)	[1]		[2]		[1]		[2]	
			BILLS	REVENUE	BILLS	REVENUE	BILLS	REVENUE	BILLS	REVENUE
			1,296	\$ 82,864	12	\$ 4,723	12	\$ 28,329		\$ -
			METER:	Res. 3/4-inch	METER:	Commercial 2-inch	METER:	Multi-Family 4-inch	METER:	0

1	2	0.50	68	1,360	-	-	-	-	-	-
1	2	1.50	121	2,783	-	-	-	-	-	-
2	3	2.50	145	4,205	-	-	-	-	-	-
3	4	3.50	157	5,495	-	-	-	-	-	-
4	5	4.50	178	7,565	-	-	-	-	-	-
5	6	5.50	144	7,416	-	-	-	-	-	-
6	7	6.50	109	6,595	-	-	-	-	-	-
7	8	7.50	81	5,630	-	-	-	-	-	-
8	9	8.50	51	4,004	-	-	-	-	-	-
9	10	9.50	43	3,763	-	-	-	-	-	-
10	12	11.00	36	3,474	-	-	-	-	-	-
12	14	13.00	56	6,272	-	-	-	-	-	-
14	16	15.00	35	4,690	-	-	-	-	-	-
16	18	17.00	19	2,964	-	-	-	-	-	-
18	20	19.00	9	1,802	-	-	-	-	-	-
20	25	22.50	11	2,200	-	-	-	-	-	-
25	30	27.50	7	1,670	-	-	-	-	-	-
30	35	32.50	11	3,229	-	-	-	-	-	-
35	40	37.50	3	1,046	-	-	-	-	-	-
40	50	45.00	3	1,211	-	-	-	-	-	-
50	60	55.00	6	2,916	-	-	-	-	-	-
60	70	65.00	0	-	-	-	-	-	-	-
70	80	75.00	1	706	-	-	-	-	-	-
80	90	85.00	0	-	-	-	-	-	-	-
90	100	95.00	0	-	-	-	-	-	-	-
100	306	202.90	2	2,072	-	-	-	-	-	-

2" meters

Jan-06	41	-	1	531	-	-	-	-	-	-
Feb-06	42	-	1	539	-	-	-	-	-	-
Mar-06	25	-	1	387	-	-	-	-	-	-
Apr-06	33	-	1	461	-	-	-	-	-	-
May-06	37	-	1	492	-	-	-	-	-	-
Jun-06	41	-	1	531	-	-	-	-	-	-
Jul-06	31	-	1	441	-	-	-	-	-	-
Aug-06	31	-	1	441	-	-	-	-	-	-
Sep-06	40	-	1	517	-	-	-	-	-	-
Oct-06	7	-	1	223	-	-	-	-	-	-
Nov-06	27	-	1	400	-	-	-	-	-	-
Dec-06	64	-	1	760	-	-	-	-	-	-

4" meters

Jan-06	155		1	1,893						
Feb-06	164		1	1,972						
Mar-06	125		1	1,623						
Apr-06	217		1	2,488						
May-06	249		1	2,836						
Jun-06	227		1	2,598						
Jul-06	251		1	2,859						
Aug-06	246		1	2,803						
Sep-06	212		1	2,436						
Oct-06	188		1	2,195						
Nov-06	198		1	2,283						
Dec-06	204		1	2,344						

Average Usage - Gallons	\$833,000
Meter Charge	\$19
1st 96,000	\$251
next 352,000	\$1,380
next 512,000	\$2,264
over 960,000	\$0
30% surcharge	\$1,168
Alternative Water Source	\$333
30% surcharge	\$100
Total monthly average	\$5,515

Other Monthly Expenses

Water Sampling	\$0
Professional Fees	\$115
Fees	\$12
Rent	\$99
Administrative Expenses	\$231
Bank Charges	\$18
Office Supplies	\$19
Operating Supplies	\$23
Meter Reading	\$55
Workman's Comp	\$32
Payroll Taxes	\$73
Postage	\$25
Repairs	\$250
Wages	\$546
APS	\$139
Telephone	\$20
Property Taxes	\$164
Working Capital	\$918
 Total Monthly O&M	 \$8,252
15% Operating Margin	\$1,456
Total Monthly Revenue Requirements	\$9,708
 Total Annual Revenue Requirements	 \$116,502